

Original Equipment Manufacturers (OEMs) under the framework of the "Make in India" initiative.

- (xii) Department of Defence Production has notified 24 items under the latest Public Procurement Order 2017 notified by Department for Promotion of Industry and Internal Trade (DPIIT), for which there is local capacity and competition and procurement of these items shall be done from local suppliers only irrespective of the purchase value.
- (xiii) FDI Policy has been revised in the year 2016 and accordingly, FDI is allowed under automatic route upto 49% and beyond 49% through Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. So far, FDI inflows of over ₹ 3450 crores have been reported in Defence and Aerospace sector.
- (xiv) Defence Investor Cell has been created in Feb-2018 in the Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.
- (xv) Defence Products list requiring Industrial Licences has been rationalised and manufacture of most of parts or components does not require Industrial License. The initial validity of the Industrial Licence granted under the IDR Act has been increased from 03 years to 15 years with a provision to further extend it by 03 years on a case-to-case basis. After opening up of the Defence Industry Sector for private Sector participation in 2001, government has issued 488 licenses till 10th Sept, 2020 for manufacture of a wide range of defence items - like EW Systems, Radars, Missiles, Body Armour, Small Arms and their ammunition, Naval Warships, UAVs, Artillery Guns, Armoured Vehicles, Helicopters, Aircrafts, etc. to Indian companies under Industries (Development and Regulation) Act, 1951 and Arms Act, 1959." These industries are spread across various parts of the country.

#### **Negative import list for defence**

44. SHRI DEREK O' BRIEN: Will the Minister of DEFENCE be pleased to state:

- (a) whether Ministry can provide information of previous year's procurement of the items on the negative import list and whether these items were being procured from domestic sources or were being imported, if so, the details thereof;

(b) whether Government has taken any steps to strengthen the domestic defence industry, if so, the details thereof; and

(c) whether Government is taking steps to promote Research and Development in the domestic defence industry, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) Items worth ₹ 1.4 Lakh crores have been bought from the items listed in the Negative Import List during the last 10 years, which includes both imports and from domestic sources.

(b) Yes, Sir. Import embargo has been issued on 101 Defence Weapons Platforms to strengthen the domestic defence industry and also to provide impetus to self-reliance in defence manufacturing as part of Atmanirbhar Bharat Abhiyan. The details of several initiatives taken in the recent years to build a robust defence industrial ecosystem capable of meeting existing and future requirements of the Armed Forces is given in the Statement-I (*See below*).

(c) Yes, Sir. A Statement containing the details of steps taken to promote research and development in domestic defence industry is given in the Statement-II.

***Statement-I***

*Details of initiatives taken in the recent years to build a robust defence industrial ecosystem capable of meeting existing and future requirements of the Armed Forces*

The Government has taken the following policy initiatives to promote 'Make in India' in defence sector:—

- (i) A new category of capital procurement 'Buy {Indian-IDD (Indigenously Designed, Developed and Manufactured)}' has been introduced in Defence Procurement Procedure (DPP)-2016 to promote indigenous design and development of defence equipment. It has been accorded top most priority for procurement of capital equipment.
- (ii) The 'Make' Procedure of capital procurement has been simplified. There is a provision for funding of 90% of development cost by the Government to Indian industry under Make-I category. In addition, there are specific reservations for MSMEs under the 'Make' procedure.

- (iii) Separate procedure for 'Make-II' category (Industry funded) has been notified under DPP to encourage indigenous development and manufacture of defence equipment. Number of industry friendly provisions such as relaxation of eligibility, criterion, minimal documentation, provision for considering proposals suggested by industry/individual etc. have been introduced (in this procedure. So far, 49 projects relating to Army, Navy and Air Force, have been accorded 'Approval in Principle', valuing about ₹ 30,000 crores.
- (iv) In Feb 2018, Government decided to establish two defence industrial corridors to serve as an engine of economic development and growth of defence industrial base in the country. They span across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and across Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow in Uttar Pradesh (UP). About ₹ 880 crores in UP Corridor and ₹ 800 crores in TN corridor have already been invested.
- (v) An indigenization portal namely SRIJAN has been launched on 14.08.2020 for DPSUs/OFB/Services with an industry Interface to provide development support to MSMEs/Startups/Industry for import substitution.
- (vi) Government has notified the 'Strategic Partnership (SP)' Model in May 2017, which envisages establishment of long-term strategic partnerships with Indian entities through a transparent and competitive process, wherein they would tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.
- (vii) Government has notified a 'Policy for indigenization of components and spares used in Defence Platforms' in March 2019 with the objective to create an industry ecosystem which is able to indigenize the imported components (including alloys and special materials) and sub-assemblies for defence equipment and platform manufactured in India.
- (viii) An Inter-Governmental Agreement (IGA) on "Mutual Cooperation in Joint Manufacturing of Spares, Components, Aggregates and other material related to Russian/Soviet Origin Arms and Defence Equipment" was signed during the 20th India-Russia Bilateral Summit in Sep 2019. The objective of the IGA is to enhance the After Sales Support and operational availability of Russian

origin equipment currently in service in Indian Armed Forces by organizing production of spares and components in the territory of India by Indian Industry by way of creation of Joint Ventures/Partnership with Russian Original Equipment Manufacturers (OEMs) under the framework of the "Make in India" initiative.

- (ix) Defence Products list requiring Industrial Licenses has been rationalized and manufacture of most of parts or components does not require Industrial License. The initial validity of the Industrial License-granted, under the IDR Act has been increased from 03 years to 15 years with a provision to further extend it by 03 years on a case-to-case basis. After opening up of the Defence Industry Sector for private Sector participation in 2001, government has issued 488 licenses till 10th Sept, 2020 for manufacture of a wide range of defence items - like EW Systems, Radars, Missiles, Body Armour, Small Arms and their ammunition, Naval Warships, UAVs, Artillery Guns, Armoured Vehicles, Helicopters, Aircrafts, etc. to Indian companies under Industries (Development and Regulation) Act, 1951 and Arms Act, 1959. These industries are spread across, various parts of the country.
- (x) Department of Defence Production has notified 24 items under the latest Public Procurement Order 2017 notified by Department for Promotion of Industry and Internal Trade (DPIIT), for which there is local capacity and competition and procurement of these items shall be done from local suppliers only irrespective of the purchase value.'
- (xi) FDI Policy has been revised in the year 2016 and accordingly, FDI is allowed under automatic route upto 49% and beyond 49% through Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. So far, FDI inflows of over ₹ 3450 crores have been reported in Defence and Aerospace sector, including FDI inflows of over ₹ 2130 crores after 2014.
- (xii) Defence Investor Cell has been created in Feb-2018 in the Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.

***Statement-II******Details of steps taken to promote research and development in domestic defence industry***

Research and Development (R&D) and innovation remain important cornerstones of India's defence production strategy. In line with the Government's 'Atmanirbhar Bharat Abhiyan', several initiatives have been taken to boost Research and Development in the defence industrial ecosystem. A few of these are listed below:-

- (a) Ministry of Defence (MoD) has set up Innovations for Defence Excellence (iDEX) initiative under the Defence Innovation Organisation (DIO) and Technology Development Fund (TDF) under Defence Research and Development Organisation (DRDO) to use a multi-pronged approach and reach out/ engage a large pool of innovators/ technocrats/ professionals/ academicians including amongst the smaller enterprises, start-ups and MSMEs, to foster innovation in a coherent, strategized, and integrated manner. Highlights of these schemes are:
  - (i) **Innovations for Defence Excellence (iDEX).** iDEX Projects are meant for Start-ups, MSMEs etc. with low capital investments and high innovation with focus on technology solutions/ prototypes in a defined timeframe.
  - (ii) **Technology Development Fund (TDF) Scheme.** TDF projects are funded by DRDO and are aimed at leveraging the domestic capabilities available with Indian Industries especially MSMEs including Start-ups. A corpus with contribution from DPSUs has been set up to provide necessary funding support. A nodal, officer from the Services is also nominated to provide domain specific inputs and any other User specific requirements for smooth progress of TDF Schemes.
- (b) **Service Organisations to Promote Innovation and Indigenisation.** To provide impetus to innovation and indigenisation, the Indian Army has already setup Army Design Bureau, Indian Navy has established an Innovation and Indigenisation Organisation (IIO); while the Air Force is actively pursuing indigenisation through its Directorate of Indigenisation.
- (c) **Indigenous Development by Services through Internal Organisations.** Services Head Quarters (SHQs) are also undertaking innovations through



their internal R&D organisations. In these projects, prototype development of equipment/system is processed by the Services through their organisations, who also involve the Start-ups and MSMEs on as required basis.

- (d) **Open Competition Approach.** The Services have initiated design and development of niche technology equipment by organising an Open Competition. The aim of such competition is to engage start-ups, academia, MSMEs and individuals in a transparent manner to generate innovative solutions for problems put forth by the Services. Meharbaba Competition by the Indian Air Force is an example of one such initiative.
- (e) **Make-I and Make-II** Categories have been introduced to achieve the objective of self-reliance by involving greater participation of Indian industrial ecosystem in indigenous design, development and manufacturing of defence equipment/ systems. Under these categories procurement includes design and development of equipment/system/ platform, their upgrades or components, ammunition/ software, primarily for import substitution/ innovative solutions by Indian vendor. Under this category industry is allowed to submit suo-moto proposals for indigenously designed and developed equipment based on requirements of the Services.
- (f) **Defence India Start Up Challenge (DISC).** An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April 2018. iDEX is aimed at creation of an ecosystem to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, Start-ups, Individual Innovators, R&D institutes and Academia and provide them grants/funding and other support to carry out R&D which has potential for future adoption for Indian-defence and aerospace needs. Under the iDEX scheme, a maximum of ₹ 1.5 crore funding is available to a participant for development of a prototype. More than 700 start-ups participated in 18 problem statements pertaining to National Defence requirements, launched under 3 rounds of Defence India Start-up Challenges (DISC). 58 winners were announced after rigorous evaluation of applications by the High-Powered Selection Committees. Contracts have already been signed with several winners followed by release of first tranches.

- (g) **'Dare to Dream 2.0' Programme.** DRDO has launched an innovation contest 'Dare to Dream 2.0' on 27 Jul 20, the 5th death anniversary of former President and noted scientist Dr APJ Abdul Kalam. The scheme was launched for emerging technologies to promote the individuals and startups for innovation in defence and aerospace technologies in the country. The 'Dare to Dream 2.0' is an open challenge to promote the innovators and startups of the country.
- (h) DRDO is working with Development-cum Production Partners from the industry for all major design and development projects, such as Advanced Towed Artillery Guns, etc.
- (i) Public sector industries including Defence Public Sector Undertakings (DPSUs) and Ordnance Factory Boards (OFBs) are also spearheading R&D projects, such as Dhanush by OFB, Light Combat Helicopter by Hindustan Aeronautics Limited etc.
- (j) DRDO patents have been made available to industry for use at 'Nil' cost.
- (k) DRDO test facilities have been opened to industry for testing their equipments/products.
- (l) DRDO has promulgated new Transfer of Technology (ToT) policy and procedures with 'NIL' ToT fee for its industry partners and NIL royalty for supply to Indian Armed Forces and Government Departments.

**Selection of tableau for Republic Day Parade, 2020**

45. DR. SANTANU SEN: Will the Minister of DEFENCE be pleased to state:
- (a) whether several tableaux from Non-BJP ruled States were rejected for Republic Day Parade, 2020 without giving a clear clarification;
  - (b) if so, the details thereof and the reasons therefor;
  - (c) whether it is a fact that tableau from the State of West Bengal was declared the best tableau among all the participants for the year 2014 and 2016; and
  - (d) if so, the detailed reason for rejection of the tableau from the State of West Bengal for the Republic Day Parade, 2020?